

**CTA Community Supports
(formerly Community Treatment Alternatives)**

**Financial Statements
(With Independent Auditors' Report)**

June 30, 2005 and 2004

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Nievaard, Kofoed & Teran, P.C.

Certified Public Accountants

Hans Nievaard, CPA

Alfred J. Kofoed, CPA

Bruce M. Teran, CPA

Independent Auditors' Report

To the Board of Directors
CTA Community Supports
Salt Lake City, Utah

We have audited the accompanying statements of financial position of CTA Community Supports (a non-profit organization) as of June 30, 2005 and 2004 and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CTA Community Supports as of June 30, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

To the Board of Directors
CTA Community Supports
Salt Lake City, Utah
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In accordance with Government Auditing Standards, we have also issued a report dated August 31, 2005 on our consideration of CTA Community Supports' internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Nievaard, Kofoed & Teran, P.C.

Nievaard, Kofoed & Teran, P.C.

August 31, 2005

CTA Community Supports
Statements of Financial Position
June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Current Assets		
Cash	\$ 899,637	734,941
Cash held for residents, restricted use (Note B)	62,526	52,348
Receivables		
State contracts	430,522	430,411
Sales tax refund	6,533	6,819
Residents	3,059	71
Other	3,399	-
Total receivables	443,513	437,301
Less: allowance for doubtful accounts	-	-
Total receivables	443,513	437,301
Prepaid expenses		
Rent	20,097	21,885
Insurance	17,312	15,970
Total prepaid expenses	37,409	37,855
Total Current Assets	1,443,085	1,262,445
Property & Equipment (Note D)		
Land	454,092	273,392
Buildings	1,535,842	993,534
Office equipment and furniture	391,706	366,238
Vehicles (includes \$84,547 of capitalized leases in 2005 and 2004)	250,958	229,741
Leasehold improvements	5,100	5,100
Total property and equipment	2,637,698	1,868,005
Less: accumulated depreciation	(558,787)	(490,506)
Net property and equipment	2,078,911	1,377,499
Other Assets		
Deferred financing cost, net of amortization	10,223	10,802
Security deposits	15,362	14,882
Loan escrow	-	110
Total other assets	25,585	25,794
Total Assets	\$ 3,547,581	2,665,738

See accompanying notes and accountants' report.

CTA Community Supports
Statements of Financial Position (Continued)
June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt (Note F)	\$ 113,422	76,278
Current portion of severance agreement (Note H)	-	5,786
Accounts payable	27,130	34,647
 Accrued payroll and related taxes		
Accrued payroll	148,781	142,291
Accrued vacation	83,878	112,453
Payroll taxes	23,066	23,897
Unemployment taxes	10,373	7,845
Total accrued payroll and related taxes	<u>266,098</u>	<u>286,486</u>
 Cash held for residents, restricted use (Note B)	<u>62,526</u>	<u>52,348</u>
 Total Current Liabilities	469,176	455,545
 Long-term debt, net of current maturities (Note E)	<u>1,685,606</u>	<u>1,094,035</u>
 Total Liabilities	2,154,782	1,549,580
 Net Assets - unrestricted	<u>1,392,799</u>	<u>1,116,158</u>
 Total Liabilities and Net Assets	\$ <u>3,547,581</u>	<u>2,665,738</u>

See accompanying notes and accountants' report.

**CTA Community Supports
Statements of Activities and Changes
in Net Assets
Years Ended June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Unrestricted Net Assets		
Revenues		
State (Notes A & B)	\$ 6,424,808	6,167,461
Residents	395,689	388,497
Interest	12,898	8,539
Other	<u>2,558</u>	<u>13,831</u>
Total Revenues	6,835,953	6,578,328
Expenses		
Employee related costs	5,312,010	5,098,142
Occupancy costs	748,721	789,730
Travel and transportation costs	93,681	118,601
General and administrative costs	<u>404,900</u>	<u>294,525</u>
Total Expenses	<u>6,559,312</u>	<u>6,300,998</u>
Increase in Unrestricted Net Assets	276,641	277,330
Net assets - unrestricted, beginning of year	<u>1,116,158</u>	<u>838,828</u>
Net assets - unrestricted, end of year	<u><u>\$ 1,392,799</u></u>	<u><u>1,116,158</u></u>

See accompanying notes and accountants' report.

CTA Community Supports
Statements of Cash Flows
Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash Flows from Operating Activities		
Increase in unrestricted net assets	\$ 276,641	277,330
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities		
Depreciation	116,047	90,220
Amortization	579	588
Loss on retirement of assets	9,192	1,308
(Increase) or decrease in:		
Net receivables	(6,212)	(92,310)
Prepaid rent and expenses	446	1,669
Other assets	(370)	3,127
Increase or (decrease) in:		
Accounts payable	(7,517)	(1,147)
Accrued payroll and related taxes	(20,388)	42,082
Severance agreement liability	(5,786)	(21,491)
Total adjustments	<u>85,991</u>	<u>24,046</u>
Net Cash Provided by Operating Activities	362,632	301,376
Cash Flows from Investing Activities		
Proceeds from sale of assets	14,335	-
Purchases of property and equipment	<u>(110,662)</u>	<u>(118,048)</u>
Net Cash Used by Investing Activities	(96,327)	(118,048)
Cash Flows from Financing Activities		
Repayment of long-term borrowings	<u>(101,609)</u>	<u>(60,508)</u>
Net Cash Used by Financing Activities	(101,609)	(60,508)
Net Increase in Cash and Cash Equivalents	164,696	122,820
Cash and cash equivalents at beginning of year	<u>734,941</u>	<u>612,121</u>
Cash and cash equivalents at end of year	<u><u>\$ 899,637</u></u>	<u><u>734,941</u></u>

See accompanying notes and accountants' report.

CTA Community Supports
Statements of Cash Flows (Continued)
Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Schedule of Noncash Investing and Financing Activities		
Acquisition of property and equipment		
Cost of property and equipment	\$ 840,986	834,558
Liabilities assumed	<u>(730,324)</u>	<u>(716,510)</u>
Cash paid	<u>\$ 110,662</u>	<u>118,048</u>
Schedule of Additional Cash Flow Information		
Cash paid during the period for:		
Interest expense	<u>\$ 107,099</u>	<u>55,618</u>

See accompanying notes and accountants' report.

**CTA Community Supports
(formerly Community Treatment Alternatives)
Notes to Financial Statements
June 30, 2005 and 2004**

Note A - Organization

CTA Community Supports is a nonprofit organization catering to the treatment needs of autistic/developmentally disabled individuals in Utah. The Organization has been in operation since 1980. Funding for the Organization comes directly from a service contract agreement with Division of Services for People with Disabilities. Funds for the contract are provided 60% from Medicaid Title 19, 4% Social Services Block Grant and 36% from state general revenue funds. All participants in the program are Title 19 eligible.

Note B - Summary of Significant Accounting Policies

Basis of Accounting

The Organization's financial records are maintained on the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred. In the accompanying financial statements, accounts have been combined and presented for the Organization in accordance with the provisions of Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations".

Cash held for residents, restricted use

Individual resident cash accounts are maintained for advanced deposits received for the resident from government financial assistance programs, payroll checks and other miscellaneous sources. The funds may only be used for the named resident's room and board and other personal expenditures. Any balance remaining, after final settlement with the Organization, is returned to the resident upon termination from the program. The account balances, for all residents, are accumulated and the contingent asset and an equal amount for an offsetting contingent liability are included on the Organization's balance sheet.

Accounts Receivable

Receivables represent amounts due under state contracts for funds that have been earned but not received and for amounts billed to the Organization's clients at predetermined rates for room and board.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the individual assets, ranging from three to thirty years.

Income Tax Status

The Organization is exempt from income taxes as provided under Section 501(c)(3) of the Internal Revenue Code.

Concentrations of Credit Risk

The company places its cash with high quality credit institutions. Cash balances may periodically exceed the FDIC insurance limits.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

CTA Community Supports
Notes to Financial Statements (Continued)
June 30, 2005 and 2004

Note C - Major Customer And Credit Risk Concentration

The majority of the Organization's revenue comes from contracts with the Utah State Department of Human Services, Division of Services for People with Disabilities. The contracts range from 1 to 3 years in length and are expected to be renewed upon completion. As revenue is tied directly to the number of qualified individuals in the program, the net loss of qualified individuals could negatively affect future revenue.

Note D - Property and Equipment

Property and equipment as of June 30, 2005 consisted of the following:

	Life Years	Method	Cost	Accumulated Depreciation	Net Carrying Value
Land	-	-	\$ 454,092	-	454,092
Buildings	27.5-30	SL	1,535,842	125,779	1,410,063
Office equipment and furniture	3-7	SL	391,706	334,002	57,704
Vehicles	5	SL	166,411	51,633	114,778
Vehicles - capital lease (Note F)	5	SL	84,547	42,273	42,274
Leasehold improvements	5	SL	5,100	5,100	-
			<u>\$ 2,637,698</u>	<u>558,787</u>	<u>2,078,911</u>

Property and equipment as of June 30, 2004 consisted of the following:

	Life Years	Method	Cost	Accumulated Depreciation	Net Carrying Value
Land	-	-	\$ 273,392	-	273,392
Buildings	27.5-30	SL	993,534	86,374	907,160
Office equipment and furniture	3-7	SL	366,238	311,846	54,392
Vehicles	5	SL	145,194	62,144	83,050
Vehicles - capital lease (Note F)	5	SL	84,547	25,363	59,184
Leasehold improvements	5	SL	5,100	4,779	321
			<u>\$ 1,868,005</u>	<u>490,506</u>	<u>1,377,499</u>

Depreciation expense for the years ended June 30, 2005 and 2004 was \$116,047 and \$90,220.

CTA Community Supports
Notes to Financial Statements (Continued)
June 30, 2005 and 2004

Note E - Long-term Debt

Long-term debt as of June 30, 2005 and 2004 consisted of the following:

	<u>2005</u>	<u>2004</u>
Clearfield City, Utah Mortgage Revenue Bond (Utah Assoc. of Community Services Cooperative Financing Program - Series 1997) Interest is paid monthly and accrues at 7.7%. The revenue bond is secured by real property, furniture and fixtures and accounts receivable. The varying annual principle installments are as follows: \$5,000 through 2007, \$10,000 through 2013, \$15,000 through 2017, \$20,000 through 2021 and \$25,000 in 2022,	\$ 240,000	245,000
Note to Col. Banker, interest at 8.5%, monthly payments of \$1,150, which includes interest, collateralized by building, matures September 2029.	140,893	142,584
Note to Bank One, interest at 6.34%, monthly payments of \$1,031 which includes interest, collateralized by building, matures Sept. 2023.	131,898	135,349
Note to Zions Bank, interest at 6.6%, monthly payments of \$1,242 which includes interest, collateralized by building, matures Feb. 2019.	133,189	138,963
Note to Zions Bank, interest at 6.38%, monthly payments of \$1,097 which includes interest, collateralized by building, matures Mar. 2019.	119,613	124,848
Note to Zions Bank, interest at 6.08%, monthly payments of \$1,325 which includes interest, collateralized by building, matures Apr. 2019.	147,678	154,249
Note to Zions Bank, interest at 6.94%, monthly payments of \$1,404 which includes interest, collateralized by building, matures May 2019.	149,174	155,256
Note to Zions Bank, interest at 6.72%, monthly payments of \$1,425 which includes interest, collateralized by building, matures Oct. 2019.	156,112	-
Note to Zions Bank, interest at 7.75%, monthly payments of \$1,533 which includes interest, collateralized by building, matures Apr. 2020.	160,847	-
Note to Zions Bank, interest at 7.3%, monthly payments of \$1,535 which includes interest, collateralized by building, matures Jun. 2020.	166,500	-
Note to Zions Bank, interest at 7.07%, monthly payments of \$1,406 which includes interest, collateralized by building, matures Aug. 2020.	154,800	-
Note to Zions Bank, interest at 5.49%, monthly payments of \$354 which includes interest, collateralized by vehicle, matures Nov 2007.	9,592	-
Note to Zions Bank, interest at 5.49%, monthly payments of \$1,586 which includes interest, collateralized by vehicles, matures Nov 2007.	42,935	-
Note to Zions Bank, interest at 6.0%, monthly payments of \$359 which includes interest, collateralized by vehicle, matures Mar. 2008.	10,760	-
Note to Zions Bank, interest at 7.5%, monthly payments of \$1,012 which includes interest, collateralized by vehicle, matures May 2005.	10,056	-
Note to Zions Bank, interest at 5.74%, monthly payments of \$331 which includes interest, collateralized by vehicles, matures Mar. 2008.	-	10,117
Note to Zions Bank, interest at 6.5%, monthly payments of \$831 which includes interest, collateralized by vehicles, matures June 2005.	-	9,978
Obligations under capitalized leases (see Note F), interest at 5.75% is imputed based on lessee's implicit rate of return.	24,981	53,969
Total long-term debt	1,799,028	1,170,313
Less current portion	113,422	76,278
Net long-term portion	<u>\$ 1,685,606</u>	<u>1,094,035</u>

CTA Community Supports
Notes to Financial Statements (Continued)
June 30, 2005 and 2004

Note E - Long-term Debt (Continued)

Maturities of long-term debt are as follows:

Year ended June 30, 2006	\$ 113,422
Year ended June 30, 2007	95,241
Year ended June 30, 2008	85,482
Year ended June 30, 2009	72,188
Year ended June 30, 2010 & thereafter	1,432,695
Total maturities	<u>\$ 1,799,028</u>

The note payable to the bondholders of the Clearfield City, Utah Mortgage Revenue Bond includes covenants which require the Organization to: (1) maintain insurance on the associated properties as well as liability and workers compensation policies; (2) limit the Organization's ability to borrow against the associated properties; and (3) require the Organization to maintain certain financial ratios and to make periodic reports to the bank regarding its financial statements and ratios. As of June 30, 2005 and 2004, the Organization was in compliance with all loan covenants.

Note F - Leases

Operating Leases

The Organization leases group homes and office space under operating leases. At June 30, 2005, seven long-term leases on group homes have expired. The Organization is continuing to lease these homes on a month to month basis. It is the intention of the organization to continue these leases through the next fiscal year; accordingly, twelve months of rent have been included in the future minimum rental payments disclosed below. Lease expense for 2005 was \$241,422 and for 2004 was \$300,347.

Future minimum rental payments are as follows:

Year ending June 30, 2006	\$ 253,104
Year ending June 30, 2007	80,409
Year ending June 30, 2008	83,400
Year ending June 30, 2009	85,902
Year ending June 30, 2010 and thereafter	86,532
Total future minimum rental payments	<u>\$ 589,347</u>

Capitalized Leases

The Organization is the lessee of six vehicles under a capitalized lease with Bank One as of June 2005. The asset and liability under the capital lease was recorded at the present value of the minimum lease payments of \$84,547. The assets are being depreciated over 60 months. Depreciation of the assets under the capital lease is included in depreciation expense and was \$16,910 and \$16,910 for the years ended June 30, 2005 and 2004.

CTA Community Supports
Notes to Financial Statements (Continued)
June 30, 2005 and 2004

Note F - Leases (Continued)

Minimum future lease payments under the capital lease as of June 30, 2005 for each of the next five years and in the aggregate are:

Year ending June 30, 2006	\$ 25,647
Year ending June 30, 2007	-
Year ending June 30, 2008	-
Year ending June 30, 2009 and thereafter	-
Total future minimum lease payments	<u>25,647</u>
Less amount representing interest	<u>(664)</u>
Total future minimum lease payments	<u>\$ 24,983</u>

The current portion of the obligation under the capitalized lease for 2005 was \$24,983 and for 2004 was \$28,412. These amounts are included in the current portion of long-term debt (see Note E).

Note G - Retirement Plan

Effective September 1, 2002, the Organization established a 401(k) retirement plan for substantially all of its employees. The plan allows for eligible employees to contribute a portion of their compensation and receive a discretionary employer match of a percentage that will be determined by the end of each plan year. For the years ended June 30, 2005 and 2004, the employer match was 100% of the participant's contribution with a maximum matching contribution of 3% of the participant's compensation. The Organization's contribution to the plan for the years ended June 30, 2005 and 2004 was \$33,971 and \$32,483, respectively. Further details of the plan are disclosed in the plan document.

Note H - Severance Agreement Liability

A former executive director, Debi Johnson, resigned effective April 10, 2002. The Board of Trustees entered into a separation agreement with her for \$40,000 plus interest at 7%, which required twenty-four monthly payments of \$1,791. As of June 30, 2005 and 2004, \$0 and \$5,786 remained outstanding on the settlement obligation.

Note I - Commitments

The Organization has purchased two group home subsequent to year-end for a combined \$378,500. In addition, it plans to purchase 2-3 additional group homes with an estimated cost of \$370,000 - \$550,000 and 6-7 vehicles with an estimated cost of \$75,000 - \$90,000 in the fiscal year ended June 30, 2006

Additional Information

CTA Community Supports
Schedules of Functional Expenses (Continued)
Years Ended June 30, 2005 and 2004

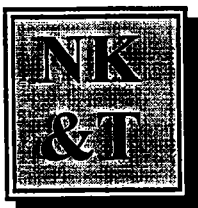
	2005		2004	
	Total Expense	Administrative	Program	Total Expense
Occupancy Costs (Continued)				
Utilities	66,352	23,887	42,465	61,527
Depreciation	116,047	21,552	94,495	90,220
Amortization	579	-	579	588
Equipment rental	18,689	18,689	-	22,294
Total occupancy costs	\$ 748,721	162,051	586,670	789,730
Travel and Transportation Costs				
Vehicle mileage	28,623	14,685	13,938	27,273
Vehicle insurance	34,352	-	34,352	31,516
Vehicle gas	35,656	-	35,656	29,724
Vehicle supplies and maintenance	26,567	-	26,567	28,451
Travel	2,835	-	2,835	1,637
Total travel and transportation costs	128,033	14,685	113,348	118,601
General and Administrative Costs				
Telephone				
Regular service	28,225	12,701	15,524	27,141
Cellular	35,395	15,928	19,467	31,769
Paging	1,116	502	614	2,493
Total telephone	64,736	29,131	35,605	61,403
Program services	36,704	-	36,704	27,274
Professional parent	14,553	-	14,553	-
Supplies	23,483	23,483	-	22,983
Professional fees	18,733	18,733	-	18,708
Activities	6,782	-	6,782	3,012
Insurance	59,660	-	59,660	65,614
Postage	4,088	4,088	-	4,663
Business taxes and licenses	9,767	-	9,767	6,273
Loss on disposal of assets	9,192	9,192	-	1,308
Dues and subscriptions	6,074	6,074	-	9,683
Interest	107,099	-	107,099	55,618
Miscellaneous	9,677	7,211	2,466	17,986
Total general and administrative costs	370,548	97,912	272,636	294,525
Total Expenses	\$ 6,559,312	564,989	5,994,323	6,300,998
				5,752,099

See accountants' report on additional information.

CITA Community Supports
Schedules of Functional Expenses
Years Ended June 30, 2005 and 2004

	2005		2004	
	Total Expense	Administrative	Program	Total Expense
				Administrative
				Program
Employee Related Costs				
Wages and salaries	\$ 379,799	208,517	171,282	348,969
Directors and administrative	127,971	-	127,971	123,120
Behavior specialists	284,435	-	284,435	274,083
Program coordinators	559,942	-	559,942	569,244
Program managers	2,963,077	-	2,963,077	2,887,803
Treatment workers	16,787	16,839	(52)	28,059
Maintenance specialists	153,772	-	153,772	87,821
Employee overtime	24,973	17,118	7,855	12,582
Employee bonus	5,502	-	5,502	5,882
Client wages	4,516,258	242,474	4,273,784	4,343,527
Total of wages and salaries				222,677
				4,120,850
Payroll related costs				
Payroll taxes	371,597	19,951	351,646	17,755
Health insurance	289,626	15,550	274,076	14,000
Worker's compensation	85,359	4,583	80,776	4,476
Employer contributions to 401(k) (Note G)	33,971	1,824	32,147	1,665
Other benefits	1,065	57	1,008	124
Conferences, workshops and training	8,012	-	8,012	-
Employee recruiting	6,122	5,903	219	1,655
Total of payroll related costs	795,752	47,867	747,885	39,676
Total employee related costs	5,312,010	290,341	5,021,669	262,353
				714,939
				4,835,789
Occupancy Costs				
Rent (Note F)	241,422	86,912	154,510	108,125
Food	204,078	-	204,078	-
Repairs and maintenance				
Equipment	120	120	-	21
Appliances	2,248	174	2,074	137
Homes	57,138	-	57,138	-
Janitorial	42,048	10,717	31,331	10,397
Total repairs and maintenance	101,554	11,011	90,543	10,555
				192,222
				207,983
				-
				1,043
				69,134
				26,039
				96,216

See accountants' report on additional information.



Nievaard, Kofoed & Teran, P.C.

Certified Public Accountants

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Bruce M. Teran, CPA

Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards

To the Board of Directors
CTA Community Supports
Salt Lake City, Utah

We have audited the financial statements of CTA Community Supports (a nonprofit organization) as of and for the year ended June 30, 2005, and have issued our report thereon dated August 31, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether CTA Community Supports' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered CTA Community Supports' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in

which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of CTA Community Supports in a separate letter dated August 31, 2005.

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Nievaard, Kofoed & Teran, P.C.

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August 31, 2005



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Alfred J. Kofoed, CPA

Bruce M. Teran, CPA

Independent Auditors' Report on State Legal Compliance

To the Board of Directors
CTA Community Supports
Salt Lake City, Utah

We have audited the financial statements of CTA Community Supports, a nonprofit corporation, for the year ended June 30, 2005, and have issued our report thereon dated August 31, 2005. As part of our audit, we have audited CTA Community Supports' compliance with the requirements of the provider contract determined to be a major State assistance program as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2005. CTA Community Supports received the following major State assistance program from the State of Utah:

Department of Human Services Provider Contract

The management of CTA Community Supports is responsible for its compliance with the compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a tests basis, evidence about CTA Community Supports' compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, CTA Community Supports complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance program for the year ended June 30, 2005.

Nievaard, Kofoed & Teran, P.C.

Nievaard, Kofoed & Teran, P.C.

August 31, 2005